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Dairy EXCELLENCE
Dairy Week In Review

Dated July 6, 2022



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (July)	\$22.72/cwt.	▲ 1.8 %	▼ 6.6 %	▲ 35.1 %
Class IV Milk Price (July)	\$25.76/cwt.	▲ 0.6 %	—	▲ 61.4 %
Corn (July)	\$ 7.40/bushel	▼ 1.5 %	▼ 3.2 %	▲ 8.5 %
SBean Meal (July)	\$491.3/ton	▲ 4.7 %	▲ 18.2 %	▲ 38.3 %
DMC Margin (May)*	\$ 12.51/cwt.	—	▲ 1.8 %	▲ 87.6 %

*Each issue of "Dairy Week in Review" will report on the most recent Milk Margin published through USDA's Dairy Margin Coverage Program. This margin is published each month after the USDA Ag Prices Report is released.

- More than 579.2 million pounds of dairy products moved overseas in May, marking the largest monthly export volume ever and an increase of 4.8 percent year over year. During the first five months of 2022, nearly 2.6 billion pounds of dairy moved overseas, up 1.3 percent from a year ago, according to the latest report. Cheese exports were up 31 percent, while butter exports fell 8.4 percent.
- The latest USDA World Agricultural Supply and Demand Estimates report increased the 2022-23 corn crop by 45 million bushels to 14.505 billion based on an increase of 400,000 acres from June's report. The average corn yield remained unchanged at 177 bushels per acre, but ending stocks increased to 1.47 billion. Soybean production was lowered by 135 million bushels to 4.505 billion, with fewer acres dedicated to soybeans. Average yield per acre for soybeans remained unchanged at 51.5 bushels per acre, but ending stocks were decreased by 18 percent or 50 million bushels to 230 million bushels.
- The report lowered milk production forecasts for both 2022 and 2023, due to slower expected growth in milk per cow. Butter price forecasts were increased with strong demand, while cheese prices were lowered due to larger stocks. Dairy exports expectations for 2022 were increased, while 2023 export expectations remained flat with the previous month's report. The all-milk price forecasted for 2022 was lowered to \$26.15 per cwt., while the 2023 all-milk price forecast was increased to \$24.15 per cwt.
- Feed costs could remain volatile through the growing season, with the latest USDA Crop Progress report showing only about 15 percent of the nation's corn crop in the silking stage, and 39 percent of Indiana and 20 percent of Missouri battling drought conditions. Still, 64 percent of the nation's corn crop and 62 percent of the nation's soybean crop are rated good to excellent.

Government and Industry:

- DRP is a federal Crop Insurance program that sets a guaranteed quarterly revenue, or a minimum price, that you can customize to match your operation. The 95% price protected policy is subsidized by the U.S. Government by 44%. While the volatility in the marketplace may make premiums for Dairy RP seem high right now, it is worth considering. For example, on July 12, a 100% Class IV, 95% price protected policy setting a fourth quarter 2022 price floor of \$21.95 cents per cwt could be purchased for 67 cents per cwt. The net floor equals \$21.51 which is nearly \$5 more than the five-year average of \$15.54 for that same quarter. In other words, it costs 67 cents per cwt to be guaranteed a minimum Class IV price of \$21.51 on the volume of milk elected to be covered by that policy. Policies must be purchased through an authorized insurance provider. Prices can be locked for the next five quarters, with September 15 the last day to lock in a price for the fourth quarter of 2022. To learn more, contact your crop insurance agent or call Zach Myers at 717-346-0849.